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CHAPTER 13

PRICING FOR GOODS AND SERVICES1301 GENERAL

This chapter provides guidance for pricing goods and services provided by one Department of Defense (DoD) activity to another DoD activity, to a non-DoD U.S. Government agency and private parties. Additional guidance can be found in the Department of Defense Financial Management Regulation (DoDFMR), Volumes 11A and 11B.

1302 RESPONSIBILITIES

130201. The Defense Finance and Accounting Service (DFAS) – Indianapolis Centers will provide staff supervision of implementation procedures.

130202. The Army's Deputy Chief of Staff for Logistics (DCSLOG) will:

A. Provide staff guidance and supervision over the distribution of unit prices and changes through the catalog system.

B. Develop and determine uniform principles and policies to establish and maintain unit prices.

130203. The Policy, Plans, and Resources Division (DALO-SAA) of the Directorate of Security Assistance will coordinate nonrecurring Research, Development, Test and Evaluation (RDT&E) and production pro rata charges and will ensure that non-recurring costs (NCs) legally due the U.S. Government are collected.

130204. The Commanding General (CG), Army Materiel Command (AMC) will perform the following:

A. Establish and publish prices in the Army Master Data File (AMDF).

B. Review and recommend revisions of supplementary charges.

130205. Heads of other Major Commands (MACOMs) will establish prices on the following items:

A. Items and services coded for MACOM management purposes.

B. Items not required to be reported to the appropriate inventory manager for disposition instructions.

130206. Heads of Army Staff agencies and MACOMs will initiate and adopt schedules of fees and charges consistent with procedures in this chapter and the DoDFMR Volumes 11A and 11B.

1303 **SALES, ISSUES, AND REIMBURSEMENTS**

130301. All charges for sales, issues, and reimbursements of items from inventory will be at the standard or replacement price in effect when the items are dropped from inventory or at requisition edit to comply with a shipment order or nonreimbursable for the Procurement Appropriation (PA) items within the Army or to other DoD agencies.

130302. Transfers (sales) from inventory will be on a nonreimbursable basis within the Army or to other DoD agencies for PA non-excess materiel. Price procured items, whether stand alone or consolidated procurement, at the contract costs plus any recurring support charge.

130303. Price sales to another Federal agency and private parties of new or overhauled PA non-excess materiel that require replacement at the estimated replacement price less an adjustment for age or condition.

130304. Price sales to another Federal agency or private parties for PA items that do not require replacement at the standard price less an adjustment for age or condition.

130305. Sales of Defense Working Capital Fund – Supply Management Army (DWCF-SMA) items will be at the standard price within the Army, to other DoD and to other Federal agencies. Sales to private parties will be at the estimated replacement price (currently the standard price).

130306. Transfers to Foreign Military Financing (FMF) recipients and sales to FMS customers of new or overhauled non-excess materiel will be per the DoDFMR, Volume 15.

130307. Sales of materiel and recurring services in support of purchases to the Special Defense Acquisition Fund (SDAF) will be priced per the DoDFMR, Volume 15 and DoD 5150.38-M, Security Assistance Management Manual, Chapter 14.

130308. For consolidated procurement of reimbursable items for direct delivery to ordering activities, contracts may be subject to pricing contingencies. Item prices may be:

A. Set at the standard or replacement price in effect at the time procuring agency accepts the order.

B. Subject to revision.

C. Revised retroactively on the procurement cost at time of delivery, but not thereafter unless agreed to by the agencies concerned.

130309. Except as stated in this regulation, no materiel, supplies, or equipment under DWCF will be issued, sold, or transferred unless the fund is reimbursed. If determined by the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) that the standard prices do not adequately recoup all costs, an additive factor may be charged by the DWCF for sales to FMS customers and private parties.

130310. Reductions from standard price are made when:

A. The potential DoD excess property held in the DWCF-SMA fund will:

1. Give fair value to the user.
2. Encourage sales.
3. Reduce the supply on hand.

B. There is a difference in utility or desirability between an unused and a repaired or used major item or between a current and older model of a similar major item.

C. There are DWCF-SMA items and shelf type items that are close to or at termination date. Advance approval is required for this price reduction. Forward written requests for price reductions with justification to Headquarters Department of the Army (HQDA) (DALO-RMI), WASH DC 20310-0533 for approval before making a sale.

D. The DWCF-SMA item is in a less than "fully serviceable" condition. The price may be reduced by the estimated amount necessary to return the item to a "fully serviceable" condition when approved by the DWCF-SMA manager at the National Inventory Control Points (NICPs). Standard prices for sale of obsolete items may be reduced when approved by the OUSD(C).

130311. Carry incomplete assemblies at standard prices, but at time of sale, the price may be adjusted to the extent necessary to ensure a fair charge to customers.

1304 EXCEPTIONS TO PRICING POLICY

130401. Forward requests for exceptions to the pricing policies through channels to HQDA (DALO-RMI). If a request involves an unresolved dispute, send enough data with the request to help HQDA evaluate the merits of the proposed resolution. If deviations are requested, show that they are consistent with statutory requirements and in the best interests of the U.S. Government. No charges or surcharges based on a percentage rate will be billed to recover any element of cost unless:

A. The percentage charge or surcharge is prescribed in this regulation or the DoDFMR, Volumes 11A and 11B, or

B. The percentage rate is proposed in writing and is approved by HQDA or a higher authority.

C. It is determined through cost finding techniques that actual packing, crating and handling (PC&H) costs are more equitable than applying the standard percentages, then an exception will be submitted through channels to HQDA (DALO-RMI) for approval prior to applying actual charges. An adequate audit trail should be maintained and sufficient documentation presented to support the use of actual costs.

130402. Requests for waivers of nonrecurring pro rata charges, asset use, and rental charges will be sent to USASAC, ATTN: AMSAC-RP, 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

1305 PERIODIC REVIEW AND UPDATING OF RATES

Rates for accessorial costs, administrative costs, and asset use charges are subject to review. Upon higher level notification of a pending review, Army activities will be requested to participate in the review. When an Army activity believes that a prescribed rate should be revised, it should be submitted through channels to the OUSD(C), with justification and supporting data.

1306 AMDF AND COST ESTIMATES

130601. General. Cost estimators will follow guidance in this section. Major Subordinate Command (MSC) resource management and cost analysis personnel will validate cost estimates.

130602. Procurement Items.

A. Obtain contractor quotes on items scheduled for delivery in a given future year for major components of a weapons system.

B. In the absence of specific contractor quotes, develop the best estimate of the cost if the item is delivered in the current year. Deliveries need not be made to use the current year as the base year. For example, a contract price established in fiscal year (FY) 99 will be updated to the current FY. It is then used as a starting point to project estimated costs in a future year. This estimate should be on one or more of the following criteria:

1. Historical trend analysis.
2. Regression analysis.
3. Comparison with other recent quotes for similar items giving consideration to quantity differentials (economic buy).

4. Engineering estimates.
5. Best estimate of item cost.

C. Use the following guidance to develop a price for an item scheduled for delivery in a future year:

1. For estimating materiel contract cost, unless otherwise indicated, the contract price is inflated based on the assumption that disbursements or expenditures will extend over a four to five-year period. When using a past contract price to estimate the contract price for another year, it must first be deflated or adjusted to remove the inflation factor built into the original price. The adjustment results in constant dollars, and is computed by dividing the original contract cost by the composite inflation index for that year. The current or future year contract cost is then estimated by multiplying the constant dollar cost by the appropriate composite inflation index for the year of the contract or at time of scheduled delivery, if applicable.

2. For standard price estimates, add the appropriate additional applicable cost elements contained in section 1310. Estimated standard prices may be used for planning purposes, but not for billing and reimbursements.

D. Make a check sheet to include all costs, (e.g., asset use charges, nonrecurring costs, recurring support costs, and technical manuals.)

130603. Items Sold From Stock.

A. Determine whether the item is to be replaced in kind, replaced with an improved item, or not to be replaced.

B. For replacement-in-kind, follow the guidance in paragraph 130602 for the replacement item.

C. For an item to be replaced with an improved item, apply the useful life formula for sales to other Federal agencies, and private party customers based upon the estimated contract cost of the replacement item less an adjustment for the age and condition of the item being sold, if applicable.

D. For items not to be replaced, use the standard price.

E. Use the percentages in this chapter to estimate PC&H, transportation, and administrative charges.

1307 GENERAL POLICIES FOR PRICING

130701. The following rules govern standard prices:

A. Each item will have a single standard price. Use this price for inventory valuation and sales, except as provided below and as provided in Section 1316.

B. Except as indicated in paragraphs 130701.C to F below, standard prices will be continuously reviewed.

C. If no future procurement is planned for an item, the price review is not necessary. The published standard price will continue to be used.

D. Items with a national stock number (NSN) are centrally managed and the standard price is published in the AMDF. When these items are authorized for local purchase, the AMDF price will be used for inventory valuation and sale. When these items are authorized for local purchase, and are acquired to meet a customer's specific requirements, not to meet inventory requirements, price these items at their actual cost, including applicable surcharges.

E. Cost items managed locally for inventory valuation and sale at the latest purchase price including applicable surcharge.

F. Under specified conditions excess or non-excess items may be subject to a reduction in inventory price at the time of issue due to their condition. See Tables 13-1, 13-2, and 13-3. These reductions are not applicable to ammunition and missile items.

G. For annual financial reporting, the Defense Finance and Accounting Service – Headquarters (DFAS-HQ) will provide annual adjustment factors (Army, Defense Logistics Agency (DLA), and other services surcharges) for adjusting DWCF-SMA inventory values to the latest acquisition cost. Use these factors to adjust inventories valued at standard prices on the latest AMDF to latest acquisition cost for both whole-sale and retail inventory values. The DCSLOG (DALO-RMI) will provide annual adjustment factors for unserviceable carcass rates and excess items rates.

130702. Use the current procurement or production cost to establish a standard price. Table 13-4 provides costs applicable to the procurement appropriation (and Operations and Maintenance, Army (OMA) reimbursable costs) and DWCF items.

A. The establishment of a current standard price should be evidenced by a current contract, purchase order, invoice, or production cost records of a normal Army/DoD representative or demand quantity. If an estimate is used for inventory valuation or planning purposes (but not for sales), the following factors may be used:

1. Current manufacturer's price and discount listings.
2. Market price quotations.
3. Cost or price analysis studies.

B. Judgment, however, may be required to modify prices to allow for contract price revisions and other known factors affecting typical current procurement or production costs. Use the current costs rather than past or projected costs.

C. If necessary, spread high initial costs of production over the estimated total production not yet covered by contracts. These costs may include production tool-up and learner's training for which there will be benefits in future production.

D. Prices may vary greatly between different vendors within a single normal procurement lot or within the same vendor with a wide range of commercial configurations, making it necessary to calculate a weighted average of the prices.

E. When items are exchanged (traded-in), any allowance will be a reduction of the purchase price. Do not consider the allowance in setting a standard price.

130703. All vendors' discounts allowed to the U.S. Government for payment of accounts within a prescribed time are treated as cash discounts. Cash discounts are not deducted in determining the purchase cost. Reductions from list or catalog prices are trade discounts. Trade discounts are deducted in determining the standard price of an item.

130704. Depot modification of items in inventory are treated as procurement costs. Add the modification to the existing standard price to arrive at the revised standard price. This applies only when a representative quantity of the items is modified and a separate stock number is established.

130705. Either actual material transportation costs or a surcharge for transportation costs based upon a percentage factor derived from past purchases will be added. No assessment of first-destination transportation costs is required when the materiel is procured free on board (f.o.b.) destination. The purchase price includes these costs.

130706. Quote standard price for billing purposes as follows:

- A. Standard prices of less than \$100 will be in dollars and cents.
- B. Standard prices in excess of \$100 may be rounded to the nearest dollar.

130707. Standard prices for centrally managed items will be:

- A. Established by the responsible inventory manager.
- B. Used for inventory valuation and sales, except for DWCF-SMA items as provided in section 1308.

130708. DWCF-SMA-owned materiel held or sold at the retail level will be priced for sale or inventory valuation as follows:

A. Items managed by DoD wholesale suppliers will be priced for inventory valuation at the standard price shown in the latest AMDF. (For fiscal year-end inventory valuation, this will be the AMDF effective on October 1 of the new FY.) Normally, these items will be priced for sale at the standard price shown in the AMDF in effect on the date of sale. When, however, these items are acquired through local purchase to satisfy a specific customer order, they will be priced for sale at the local procurement price including any transportation charges and/or applicable surcharge.

B. Items managed by the General Services Administration (GSA) will be priced for both inventory valuation and sale at the latest procurement price.

C. Items managed locally will be priced for both inventory valuation and sale at the latest local procurement price including any transportation charges and/or applicable surcharge.

130709. Under AR 710-2 (Supply Policy Below the Wholesale Level), Army inventory managers will check all decentralized, locally managed items every 2 years to ensure that the type of management is still valid. These studies review demand data and potential savings by quantity buying. The prices developed and used in these studies can be used as estimated prices in the AMDF. Under these circumstances, the estimated prices from the AMDF affecting decentralized procurement may be provided to any agency or activity.

130710. The following costs are not included in the standard price:

- A. Nonrecurring research and development costs.
- B. Nonrecurring production costs.
- C. Asset use charges.

1308 CRITERIA FOR REVISING DWCF-SMA UNIT STANDARD PRICE

130801. To stabilize DWCF prices, update the standard price of each DWCF-SMA item annually at the beginning of each fiscal year. The price will show the latest known representative procurement cost plus authorized surcharges.

130802. The basis for the procurement cost is the latest acquisition cost or production cost. The latest acquisition cost is for a normal Army representative quantity. For items without a procurement history, estimate the acquisition cost based on current manufacturer's price listings or market price quotations. Do not use estimated prices for sales. Also, include the cost of Government-furnished material (GFM) applicable to the procurement or repair of item in the cost of the item. The newly set prices will be effective for inventory

valuation on the date of the latest AMDF. They will, however, not be used for sales until the October 1 effective date of the AMDF. Make no further price revision during the year unless a significant error is made in the 1 October or subsequent AMDF.

130803. A significant error occurs when the correct and the published price differs by more than 10 percent. Correct these errors for DWCF-SMA items during the fiscal year. Item managers will not update prices during the FY based upon a procurement action after the cut-off date for establishing the annual stabilized price. NICPs will document the reason for each price change during a fiscal year and maintain documentation for review for the period that the new price is in effect.

130804. The procedures for the annual price update are as follows:

- A. Remove each item surcharge for the October 1 price update.
- B. Enter the latest representative acquisition cost.
- C. Apply the new surcharge rates to the acquisition cost to compute the new standard price.

1309 CRITERIA FOR REVISING THE PROCUREMENT APPROPRIATION UNIT STANDARD PRICE

For PA items, publish and set monthly a new standard price in the AMDF when the variation between the published AMDF and the proposed unit standard price exceeds plus or minus five percent.

1310 STANDARD PRICE CONSTRUCTION - PROCUREMENT APPROPRIATION ITEMS

A sample format for an AMDF Standard Price Construction Work sheet is at Table 13-5. Establish a standard price for each item in the Army inventories to include:

131001. The current procurement or production cost of the item at the time the price is established or updated. Guidelines are:
- A. Contract or production costs of end items will include the value of GFMs.
 - B. Many parts are common to more than one item; therefore, standard prices must be established for the parts to determine the price of the end item.
 - C. The current procurement cost of any item made in a U.S. Government-owned installation will be the total production cost of the item as determined by the installation involved. Use the weighted average price when the same item is made in two or more plants.

D. Occasional minimum production costs of items produced in U.S. Government shops that normally are procured commercially will be disregarded in the computation.

E. Production costs for materiel manufactured under commercial contracts or at U.S. Government manufacturing shops will include all recurring support costs. These costs cover production engineering (for major items only), tooling, quality assurance, and other costs. They are financed by the procurement appropriation, whether the cost was incurred as U.S. Government in-house cost or as contractor cost. When these costs do not exclusively apply to items under contract during the year in which the costs were incurred, they will be prorated over the total production of the item. The current production cost will include a fair share of the total recurring support costs. Incremental or marginal cost techniques are not applicable.

F. Warranty charges not included in the contract costs will be included in the standard price, when applicable.

G. Acceptance testing and proof firing costs of an item will meet these criteria:

1. They may be included in the standard price if they are not in the manufacturer's or contractor's item cost.

2. When included in the standard price, they will be based on reliable cost data factors.

3. When they must be done on selected lots before the materiel or equipment is accepted, the costs will be included in the unit contract or project order cost. (Unit contract cost functions are done by a contractor. Project order cost functions are done at a U.S. Government plant).

4. When acceptance testing is done at other U.S. Government locations (proving grounds or laboratories), include it as part of cost and in the standard price.

H. Systems Technical Support contract costs on DWCF-SMA items, such as engines, will be included as part of cost and in the standard price.

I. DWCF-SMA and PA secondary materiel used in the manufacture and assembly of end items are included in standard prices of the assembled end items. DWCF-SMA and PA secondary standard prices will have been set for this materiel.

J. Provision for expected normal losses in production, such as spoilage and underrun, is appropriate.

131002. The standard price will include estimated first destination transportation costs. Included are costs funded by OMA for materiel, parts, and components assembled into the

end items. Costs will also include transportation from the point of procurement, production, or testing to the point of assembly or storage within the U. S. or continental U.S. (CONUS) port of exit. The element of the standard price representing the cost of transportation may be determined by a percentage factor based on experience, applied to the basic procurement cost of an item, if actual costs are unknown. OMA will be reimbursed for that share of the standard price applicable to the first destination transportation costs financed by OMA. The following second destination costs are excluded from the standard price:

- A. CONUS inland transportation.
- B. CONUS port handling.
- C. Over-ocean (air or surface) transportation.
- D. Overseas port handling.
- E. Overseas inland transportation.

1311 STANDARD PRICE CONSTRUCTIONS - DWCF ITEMS

131101. The standard price is composed of the acquisition cost and a surcharge. The surcharges are included in the standard price to recover operating expenses incurred by the DWCF-SMA. The acquisition cost is based on the last representative procurement. For items without a procurement history, an acquisition cost may be estimated based upon current manufacturer's price listings or market price quotations.

A. The acquisition cost of an item procured by means of a multi-year contract may include up front costs, such as setup costs that will not be incurred in future years. In these situations, prorate the setup cost over the total planned volume of items being purchased under the contract. Include the cost of GFM. If a procurement item has incurred repair cost, include this in the setup cost.

B. The cost of items procured by multiple year contracts will be the cost paid for each item. If termination costs are incurred or if minimum guaranteed amounts are not met for items procured, record the additional costs paid under the terms of the contract as DWCF-SMA operating costs for "other services" rather than the acquisition cost of specific items procured.

131102. DWCF-SMA will add a surcharge for materiel acquired from other sources to recoup any additional acquisition cost. Some assemblies produced by assembling component parts are not procured in their entirety. Cost these at the standard price equivalent to:

A. The inventory value of the component parts withdrawn from DWCF-SMA inventory at standard prices.

- B. The value of materiel acquired from sources other than DWCF-SMA.
- C. The assembly cost chargeable to DWCF-SMA.

131103. Surcharges are included in the standard price to recover operating expenses incurred by DWCF-SMA. Include applicable surcharges in all DWCF-SMA sales. Include surcharge in direct deliveries from contractors, commercial items, nonstandard items, manufacturer's part numbered and other items without a standard price. The surcharge consists of elements for transportation, inventory expense, wholesale logistics operations, and price stabilization. Although the surcharge consists of several definable elements, the ultimate purpose of the surcharge is to maintain consistency with the operating budget for DoD customers. DALO-RMI will develop surcharges for each Army major materiel category and submit proposed surcharges to DoD for approval.

A. Transportation. Include in transportation costs, amounts financed by DWCF-SMA fund include movement of DWCF-SMA-owned materiel within CONUS and to and from outside continental U.S. (OCONUS). Activities will not return DWCF-SMA items without disposition instructions. Customers returning items not approved by the applicable wholesale manager will not cite DWCF-SMA funds for shipping.

B. Inventory Expenses. Normal inventory expenses included in the surcharge are the net of losses and gains from incoming and outgoing shipments, physical inventory adjustments, inventory losses due to shrinkage, theft, deterioration, damage, contamination, defective items, obsolescence, and adjustments to reconcile internal records. The obsolescence portion of the surcharge is used only to replace obsolete or modified items retained in the wholesale inventory. It is not intended to cover all Defense Reutilization and Marketing Offices (DRMOs) actions during a fiscal year. Extraordinary losses, such as those due to armed hostilities, riot, or significant damage due to fire, inventory losses, are not included in the surcharge for inventory expenses.

C. Retail Loss Discount. Include the discount in the standard price as an additional element of inventory expense. The wholesale activity will grant a discount for retail losses for sales to DWCF-SMA retail divisions based upon net issues after applying authorized credits or offsets. These discounts are to provide funds for loss experienced at the retail DWCF-SMA level. Retail loss discounts are not granted for sales to customers of retail or installation level DWCF-SMA activities.

D. Wholesale Logistic Operating Costs. The wholesale expense of procurement, warehousing, PC&H, or any other functions of supply administration pertaining to a DWCF-SMA item are financed by the DWCF-SMA. These expenses are included in the standard price.

E. Price-Stabilization. The price stabilization element is designed to compensate for inflation or deflation experienced on procurement during the time that prices are in effect. The DWCF-SMA will issue the refund (a lump sum payment) of excess current year

funds with Treasury to customer accounts at appropriation level rather than through the pricing structure.

131104. Stabilization. The stabilization of prices requires the standard price for a NICP managed catalogued item be changed only at the beginning of the FY and remain constant throughout the FY.

131105. Publication. In order to publish the price before the effective date, activities should determine in advance of the execution year, the price of each item requiring stabilization (see paragraph 131103). The price of a stabilized item becomes effective for billing purposes on the first day of the fiscal year. When notice of the price change is received, adjust DWCF-SMA undelivered orders and unfilled customer orders to reflect the latest stabilized price.

131106. Other Items. Assign a standard price and stabilize as described in paragraph 131104 for any other items (such as a GSA item, an item procured with a manufacturer's part number, a non-catalogued item, or an item authorized for local procurement or manufacture).

131107. Surcharge Rates for Inventory Expenses. Separate surcharge rates for inventory expenses will be established by materiel category. Normally, the surcharge rates should include losses on all current purchases. Losses on stock acquired before setting the rates should not be used in setting current surcharge rates. Rates should be tested over the years through reviews and studies, including sampling of procurement, issues, and losses. The entire cycle of procurement must be considered with issues for specific items or stock classes. The surcharge rate will be included in pricing all purchases and stocks on hand, so that they are priced on the same basis.

1312 DEPOT-LEVEL REPARABLES (DLRS)

See the DoDFMR, Volume 11B, Chapter 55.

1313 MATERIEL NOT SUBJECT TO STANDARD PRICING

In addition to GSA-managed items or items acquired locally for specific customer orders, the Army has items such as specially developed kits that are not subject to inventory pricing. These items are priced by component.

1314 REDUCTION ON REIMBURSABLE TRANSFERS TO PURCHASERS OUTSIDE OF DoD (EXCLUDING FMS)

Age, deferred maintenance, and repairs influence the utility or desirability of an item. These factors should be used for price reductions of items when reimbursable transfers are made. To provide uniformity in reducing prices for sales purposes, Table 13-1 will be used. If a

reduction should be made, apply the appropriate formula (Table 13-1) to transfers and sales, excluding DoD agencies and FMS.

1315 ECONOMY ACT SALES TO OTHER DoD COMPONENTS, OTHER FEDERAL AGENCIES, AND TO PRIVATE PARTIES

131501. This section provides guidance on the amounts that will be recouped when Army activities perform work or sell property within Army, to other DoD organizations, other U.S. Government agencies, and private parties. This section is applicable unless a specific Army regulation allows alternative reimbursement policies.

131502. Requisitioning Army and other activities (for example, Navy, Air Force, and Marine Corps) will disclose to both DoD and non-DoD suppliers whether any goods or services are for the benefit of non-DoD or non-Federal agencies, so that proper amounts may be billed and collected. Ordering activities are required to disclose the ultimate buyer on requisition documents when the Army is the supplier of the materiel. To ensure that materiel is properly priced, ordering activities shall indicate one of the following criteria in the reimbursable order document.

- A. The item is for Army or DoD use.
- B. The item is for a non-DoD Federal agency for its own operations.
- C. The item is requested by a non-DoD Federal agency for resale to a foreign country. Lacking proper identification of the ultimate buyer, price and bill reimbursable orders from DoD activities as if the requisitioning activity is the ultimate buyer. If materiel purchased from the Army is later sold, DoD activities are responsible for proper pricing and billing.

131503. Military Standard Requisition and Issue Procedures (MILSTRIP) procedures require the cognizant MSC to review requisitions submitted by ordering activities. The MSC will determine if items issued from stock are a free issue (non-DWCF items for Army and other DoD agencies), or chargeable (for other Federal agencies, private parties, or for foreign countries).

1316 WAIVER OF SMALL AMOUNTS

131601. When an initial billing within the Army or to other DoD components is less than \$500, the billing may be suspended by the billing organization. If the amount of billings held in suspense for a customer is less than \$500 at the end of a FY, the billing may be waived. If waived, the receivable entries and the reimbursement entries will be reversed and the direct program charged. In such cases, care must be taken to ensure that such waivers do not result in an over-obligation of the direct program funds.

131602. When an initial billing to a non-DoD U.S. Government activity is less than \$500, the billing may be suspended by the billing organization until the total billing exceeds

\$500. At the end of the FY, all suspended amounts will be billed to non-DoD activities even though the amount is less than \$500.

131603. DWCF activities and the Corps of Engineers Civil Works Revolving Fund must not waive reimbursement of any amount.

131604. Waivers are not permitted when the Army acts as an agent for a non-DoD entity or when billings are applicable to other Federal agencies or non-Federal organizations. See section 1304 for exceptions to pricing policy.

1317 UNOFFICIAL TELEPHONE SERVICE AT DoD INSTALLATIONS

131701. General. It is DoD policy to consider as official only that telephone service used for the conduct of official U.S. Government business. Telephone service provided by the Army and used for personal or other unofficial purposes, as authorized by DoD Directive 4640.3 (Unofficial Telephone Service at DoD Activities), will be charged to the person placing the call. This applies whether the facilities are U.S. Government-owned or U.S. Government-leased or are under a written contract or implied agreement with a commercial communications company.

131702. Classes of DoD Telephone Service. Classes of telephones installed on or in the immediate vicinity of an Army installation and connected to a DoD switchboard are:

A. Class A (Official). Telephones that are authorized for the transaction of official U.S. Government business and that have access to commercial telephone company central office and toll trunks.

B. Class B (Unofficial). Telephones installed for unofficial use meeting the criteria established without direct access to official use only private branch exchange (PBX) trunks (that is, Defense Switched Network (DSN), wide-area telephone service (WATS) direct distance dialing, toll circuits, and other tie lines). These telephones are further designated as follows:

1. B-1 Telephones. Installed in U.S. Government-owned or U.S. Government-leased quarters assigned for family or personal use or in private or rental housing occupied by DoD personnel.

2. B-2 Telephones. Installed for the use of activities at a military location such as public schools, American Red Cross, motion picture services, exchanges, credit unions, noncommissioned officer's and officer's messes, Boy Scouts, Girl Scouts, nurseries, thrift shops, and commercial contractors, concessionaires, and other business firms operating on behalf of the DoD within, or in the immediate vicinity of an Army installation.

3. Subdesignation. When either party line service or restricted service that does not have access to central office and toll trunks is provided, such service may appear as a subdesignation of the above-listed classes of unofficial telephone service.

C. Class C (Official-Restricted). Telephones that are authorized for the transaction of official U.S. Government business that do not have access to telephone company central office or toll trunks.

D. Class D (Official-Special). Telephones that are restricted to special classes of service such as fire alarm, guard alarm, and crash alarm.

131703. Accounting Procedures.

A. Detailed accounting procedures will be used to identify, accumulate, and record operating revenues and operating expenses. Service-charge billings and collections from purchasers will conform with the Army cash management and debt collection policies prescribed by this regulation.

B. Operating expenses for unofficial telephone service furnished to purchasers may be paid from appropriated funds (see DoD Directive 4640.3, Unofficial Telephone Service at DoD Activities)

131704. Schedule of Rates.

A. Flat monthly rates for the provision of the various classes of unofficial telephone service by U.S. Government-owned or U.S. Government leased telephone facilities in the U.S., including Alaska and Hawaii, will be the same as those prescribed by the local commercial communications common carrier providing city trucking to the local base, post, or station. The rates will exclude any mileage or special facility construction charges that the local carrier may charge to the public. The rates will vary according to the type of services provided, such as private lines, multiparty lines, and extension telephones.

B. Flat monthly rates for the provision of Class B-1 and Class B-2 unofficial telephone service by U.S. Government-owned or U.S. Government-leased telephone facilities in overseas locations will be established by the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)). The rates will be charged, unless otherwise prohibited by Status of Forces Agreements.

C. Recurring and nonrecurring charges for special and miscellaneous equipment provided a purchaser, including all service connections and movement of equipment for which flat rates have not been established, will be charged to the purchaser at the prevailing local commercial rate for similar service.

D. The flat monthly rates for unofficial telephone service are applicable whether the commercial communications company furnished flat or measured services. The flat

rates will entitle the purchaser to make local calls for which the basic rate is one message unit. In areas where more than one message unit zone exists, the DoD installation may use call-diverting equipment to control its costs and to establish a basis for charging the purchaser for such costs.

E. When U.S. Government-owned quarters are occupied by employees of contractors operating U.S. Government-owned plants and unofficial telephone service is provided from a DoD switchboard, Class B-1 service will be provided in accordance with the established rate.

131705. Charges for Unofficial Telephone Service.

A. The purchaser will pay all charges for unofficial use of telephone service provided from a DoD switchboard. Charges for extensions, special or miscellaneous equipment and installation costs thereof, and toll call and telephone charges when incurred will be added to the basic monthly rate. Taxes will be assessed as applicable. However, purchasers may not be assessed an additional charge for unlisted telephone number service. Listing of telephone numbers in the DoD installation directory is considered a locator service rather than a telephone service. Personnel have the option of having their personal phone numbers listed or unlisted in the directory and may not be charged an additional fee in either case.

B. Army activities may require an advance payment or a deposit.

C. Army activities will bill purchasers all flat-rate charges on the first regular monthly bill following incurrence of the service.

D. When a purchaser has received service for only a fraction of the billing period, the monthly charge will be prorated. Tables of fractional charges and credits may be used to determine the amount of the prorated charge.

E. Collections received will be credited to appropriations currently available for supplying such services. Reimbursement for DoD provided unofficial telephone services in:

1. The U.S. will be credited to appropriations currently available for supplying such services.

2. Overseas locations, except for industrial fund activities, will be distributed proportionately, based on the overseas flat-rate cost elements, to appropriations and miscellaneous receipts of Treasury in the following ratio: 70 percent to operations and maintenance; 25 percent to military personnel, and 5 percent to miscellaneous receipts of Treasury.

3. Industrial fund (DWCF) activities in overseas locations that provide unofficial telephone service will retain reimbursements to the extent that expenses were

incurred to provide those services. Any excess of reimbursements over associated expenses will be credited to miscellaneous receipts of Treasury.

1318 **USER CHARGES**

131801. **Additional Guidance.** See the DoDFMR, Volume 11A, Chapter 4.

131802. **Examples of User Charges.** By charging user fees, the U.S. Government recovers the cost of services provided. The following are examples of user fees and charges:

A. **Special Services.**

1. Tuition fees for non-Army dependents attending Army schools.
2. Health services.
 - a. Inpatient and outpatient treatment for persons not entitled to free treatment. Charges are prescribed in AR 40-3, Medical, Dental and Veterinary Care and AR 40-330, Rates, Codes and General Policies for Army Medical Department Activities.
 - b. Inoculations and blood tests. These services are provided only under special circumstances.
3. Transportation services including motor, rail, and terminal services. Examples are:
 - a. Tugs.
 - b. Dockage.
 - c. Line handling.
 - d. Port handling.
 - e. Railroad siding.
 - f. School bus.
 - g. Employee.
4. Fire protection.
5. Fees for copying and search of records.

6. Utilities. For repetitive, ongoing services, see AR 420-41, Acquisition and Sales of Utilities Services.

- a. Electricity.
- b. Water
- c. Sewage.
- d. Refuse collection.
- e. Steam.
- f. Heat.
- g. Compressed air.
- h. Class B telephone service to military and civilian personnel.

- 7. Commissions on telephone pay stations.
- 8. Revenue from the Interchange Fleet.
- 9. Revenue from washers, dryers, and vending machines (other than NAF).
- 10. Laundry service.

B. Lease or sale.

- 1. Rental of U.S. Government facilities by private banks, concessionaires, and contractors. This includes utilities furnished.
- 2. Rental and sale of real and personal Government property to private contractors, municipalities, and others.
- 3. Rental of quarters (Capehart, Wherry, or others).
- 4. Rental of vehicles and equipment.
- 5. Rental of land.
- 6. Rental of trailer space.

7. Lease of commercial space, such as agricultural and grazing areas.
8. Lease of vessels.
9. Lease of refrigeration lockers.
10. Use of U.S. Government waterlines.
11. Sale of water to ships chandlers.

131803. Review of Fees and Charges. User fees and charges will be reviewed when significant changes in costs occur. Charges will be reviewed at least once each year to determine if any should be changed or discontinued. When collection of fees or charges are limited or restricted by existing law, proposals for change will be submitted through channels to HQDA (DALO-RMI).

★ 131804. Refunds. Refunds will be made only when the excess fee is more than \$1. These amounts will be credited to account 21X6500 from which refunds will be made. Excess fees of \$1 or less will be deposited in the proper receipt account. No refund of fees will be made because of changes in regulation, directive, or fee schedule.

1319 SALE OF MATERIEL AND SERVICES TO U.S. COMPANIES FOR DIRECT COMMERCIAL SALES AND EXPORTS

131901. Charge the same price as those established for sales under the FMS program of the same Army articles and services. All FMS surcharges for accessorial and administrative costs are applicable.

131902. Billing to contractors will itemize each accessorial and administrative costs separately from the item price.

131903. Deposit proceeds from the administrative charge as required by the DoDFMR, Volume 15.

131904. DoDD 4175.1 (Sale of Government Furnished Equipment on Materiel and Service to U.S. Companies for Commercial Export) provides authority for the sale of GFM or Government-furnished equipment (GFE) items only if the support items cannot be purchased directly from a U.S. commercial source in a timely manner to meet a required delivery schedule.

1320 TRAINING

132001. Non-DoD Federal Agency And Non-Federal Government Training. A non-DoD Federal agency that properly includes students in the Army training system and is included in the Army budget normally will not be charged. This would be a preplanned space

required for the training. Non-DoD Federal agency students attending training on a space-available basis will be charged as indicated below:

A. A pro rata share of all direct cost will be charged. Accordingly, exclude the unfunded fringe benefit cost of civilian labor, asset use, and the materiel nonrecurring recoupment charge. Students will pay the inventory price rather than the replacement cost for items. Industrially funded training activities will charge for actual depreciation.

B. Items of indirect cost are chargeable.

C. Non-Federal Government students are those from state and local government agencies, private industry or business, educational institutions, nonprofit organizations, and quasi-government groups. Providers will charge the full pro rata cost of instruction and base support whether the student load is based on a space-required or space-available basis. Items of indirect cost will be charged. Services will not be provided if they require additional staff, equipment, or facilities solely to provide such services. An asset use charge and an administrative fee will be included.

132002. Directly Identified Or Allocated Tuition Costs. The following paragraphs explain procedures and policy related to directly identified or allocated tuition costs.

A. These are costs directly related to the activity training the student instead of the base on which the training activity is located. Included are dedicated and non-dedicated school brigade troops and school support troops. Direct costs include pay of instructors, staff and faculty, and costs related to service school operations. All training activity costs are chargeable except the following:

1. Costs for combat or training development (less course development), nonresident instruction, or other activity that offers no support to the resident training mission and a pro rata share of school overhead costs to support these elements.
2. Costs for units attached to the training activity with duty station at another location not involved in training of foreign military trainees (FMTs).
3. Costs for under used capacity and mobilization requirements (to the extent cost impact can be identified and documented). Under used capacity refers to temporary absence of base troops on maneuvers, exercises, special assignment, or the use of installation or activity as a temporary holding activity.
4. Costs for minor construction, maintenance, and repair of hospital and medical building and family housing management account reimbursement.

B. Instructor salaries, allowances, and other related costs will be computed by dividing the total annual costs by the total training staff-weeks (TSW) and multiplying the results by the number of weeks in the course. Total TSW is computed by multiplying the length (in

weeks) by the number of students and then summing all courses taught at the school. Alternately, instructor costs may be allocated by the instructor contact hour (ICH). Total instructor costs divided by total ICH will be used if a more equal distribution will result.

C. Administrative and support personnel salaries and allowances will be computed by dividing the total annual costs by total TSW and multiplying the results by the number of weeks in the course. TSW is computed by multiplying the length (in weeks) by the number of students and then summing all courses taught at the school.

D. TDY costs will be allocated to courses on the basis of a causal or beneficial relationship. Causal is for TDY that benefits a specific course. Beneficial is for TDY that benefits the whole training operation.

1. TDY that benefits one or more courses should be directly allocated. To prevent double charging a course for TDY, all directly allocable travel must be eliminated from the TDY included in the indirect cost pool.

2. TDY that benefits the whole training operation will be allocated to all courses. To arrive at the course cost, divide total indirect TDY costs by total TSW; then multiply the result by the course length of each course.

E. Costs of training materials, equipment, supplies, aids, munitions, and organization and course specific individual clothing and personal equipment will be charged to the course. Training materials and aids prepared above the level that are readily identifiable to a course will be included as a direct cost. If not identifiable, costs will be distributed to courses the same as for indirect TDY costs. Double charging for a course must be avoided.

F. Depot-level maintenance cost of major end items will be charged to the course at the budgeted average hourly item repair cost, which includes civilian pay, contractual effort, and supplies. These costs must be adjusted to include military pay and centrally procured equipment and parts. The average hourly cost will be multiplied by the hours programmed for use in the specific course.

G. Base engineer and other directly related support costs allocable to training operations will be distributed to courses on the basis of total training hour support.

132003. Indirect Base Operating Costs. The following paragraphs set policies and procedures for indirect base operating costs.

A. All other indirect base operating costs, after exclusions, will be initially allocated to major claimants, such as training and tenants. The amount allocated to training will then be distributed to significantly different areas of training, such as flying operations, classroom training, and equipment maintenance. Allocations will be made at the installation level on the basis of military and civilian population, percentage of maintenance, or active square feet of building space. Allocations must be equal to the benefits received. The amount allocated

to student will be reduced by 5 percent because of inappropriate costs. This includes chapel, equal rights office, alcohol treatment, and special services.

B. Costs to support or operate quarters and family housing complexes that apply to instructors and training support personnel will not be allocated to tuition rates. These costs are recouped in base personnel salaries.

C. To recoup the cost for use of base assets, apply a 3 percent asset use charge to the total course cost.

1321 NONRECURRING COSTS (NC) COLLECTION DOMESTIC SALES

132101. General Policies and Responsibilities.

A. All sales of non major defense items made after June 26, 1992, will have no NC charges included, unless the DoD contract with the seller requires the charge. All commercial sales of MDE made after October 7, 1992, will have no NC charges included, unless the DoD contract with the seller requires the charge. For co-production or licensed production agreements entered into after October 7, 1992, will have no NC charges included, unless international agreements exist to the contrary. Amendments (after June 26, 1992) to commercial contracts are treated as new cases for the increases in quantity; thus, NC charges will not apply to the incremental quantity increase. Calculate NC recoupment charges on a building-block approach to recover a pro rata share of DoD costs. Review NC recoupment charges for changes every two years. And activities should review DoD Directive 2140.2, Recoupment of Non-recurring Costs on Sales of U.S. Items, and all amendments to this directive.

B. All DoD contracts for RDT&E or acquisition will include a mandatory clause that requires the contractor to pay the U.S. Government, within 30 days following delivery of each item from the contractor's facility or purchaser's acceptance (whichever comes first), the established NC recoupment charge for any domestic or international direct sale, co-production, or licensed production of DoD-developed items or technology (See the DFARS 25.7306, 35.71, 52.235-7002). This clause must also require that for each payment the contractor must specifically identify each DoS export license number and/or Department of Commerce export license number and how much of the total remitted is applicable to each.

C. A contracting officer must become aware of negotiations between a commercial firm and a domestic customer. He or she will then notify the contractor of any requirement to pay the U.S. Government a prorated NC recovery charge. A copy will be sent to HQDA SAFM-BUI-I, WASH DC 20310-0665. They will specify the amount, where payment is to be made, and the requirement for Army to approve the amount.

D. Contracting officers will request security assistance approval through command channels to HQDA SAFM-BUI-I, to include the DFARS clause 52-235.7002 for all RDT&E and production contracts and subcontracts of \$1 million or more.

132102. Collection-Direct Sales. Each contractor seeking to make a direct sale of U.S. military materiel to a foreign government submits an export license application. This need not be the controlling factor, but it is a document to collect NCs.

A. Army activities reviewing the application will show on DA Form 4605 (Department of the Army Munitions Control Case Processing) the amount of NC to be recovered for each item to be sold.

B. DFARS clause 52.235.7002, implementing DFARS clause 35.7103(a), is to be included in all RDT&E and production contracts and subcontracts of \$1 million or more. This clause requires contractors to perform the following:

1. Notify contracting officers whenever they intend to make direct sales.
2. Request the surcharge rate due the U.S. Government for each item sold.
3. Reimburse the U.S. Government when direct sales are made.

C. The resource manager of each Army activity must establish a suspense for collecting costs on each case. Controls to ensure collection should be established at the time the export license is sent to MACOMs recommending approval. The information will be sent to the appropriate contracting officer. When notice is received from U.S. Army Security Assistance Command (USASAC) that the export license application has been approved by DoD, the contracting officer will ensure that collections are made from the contractor by sending the contractor notification of the following occurrences:

1. A nonrecurring cost surcharge is due in the amount of "X" dollars per unit contingent upon approval of the export license application by the DoS and subsequent shipment of the items. Payment is due within 30 days of the shipment.
2. The contractor must notify the contracting officer if the export license has not been approved or the pending sale was not consummated.

D. Reimbursement will be made in the same way payments are received by the contractor from the customer. For example, if the contractor receives progress payments or cash in advance, the payment to the U.S. Government will be made accordingly.

E. A suspense will be established and cross-indexed to export license application numbers. This will ensure that collections received from contractors are credited to the applicable accounts for each item sold.

1. Nonrecurring RDT&E collections will be credited to Miscellaneous Receipts Account 21R3041.0002.

2. Nonrecurring production cost collections will be credited to Miscellaneous Receipts Account 21R3041.0001.

1322 AGENCY FOR INTERNATIONAL DEVELOPMENT

132201. General. The following paragraphs set the policy and procedures for accounting for the U.S. Agency for International Development (USAID).

132202. Overview.

A. This paragraph prescribes accounting procedures governing the following:

1. The services performed by the Army for USAID.
2. The method by which USAID will request the Army to furnish certain commodities and services.
3. The method of reimbursement to the Army for such commodities and services.

B. This paragraph applies to commodities and services furnished by the Army to USAID programs. Use these provisions in conjunction with AR 12-10. See 133802.C for exceptions.

C. This paragraph does not apply to transactions for separate USAID agreements with specific Army commands or activities that contain provisions about reimbursable billings.

132203. Responsibilities.

A. Agencies will be responsible for the following:

1. Act as a USAID agent in the procurement of commodities and services as directed by the following procurement actions issued to the Army by USAID:
 - a. Procurement authorization and purchase requisitions.
 - b. Project implementation orders.
 - c. Specification memorandums.
 - d. Purchase orders.

2. Transfer the commodities or furnish the services to, or for the government of the cooperating country or to the USAID representative in the cooperating country. Make the transfer according to the terms and provisions of purchase requisitions.

3. Bill USAID for the cost of the procurement of commodities or services authorized in the purchase requisitions including accessorial and related shipping costs.

4. Try to supply materiel and meet established shipping schedules but will not be liable for any delay or failure to deliver any commodity or service ordered by USAID.

B. The DFAS Indianapolis Centers will monitor the agreement between DoD and USAID and between the Army and USAID.

C. AMC will be responsible for the following:

1. Obtain commodities, provide services, and arrange or provide for shipping of commodities for USAID or its designee upon receipt of approved purchase requisitions.

2. Provide for administration of contracts entered into by the Army for the USAID including relevant claims.

3. Submit reports as are agreed to by USAID and the Army.

D. USASAC (AMSAC-CF) will be responsible for the following:

1. Be the collecting agency for the Army for all other transactions.

2. Process SF 1080 billings to USAID, receive the collections, and distribute the proceeds to the appropriate commands.

E. Air Mobility Command, Military Sealift Command, and Military Traffic Management Command (MTMC) will bill the Agency for International Development, Government Property Resources Division, Bldg 54, Defense Distribution Region-East, New Cumberland, PA 17070-5096, directly for transportation account codes C849, C850, and C851.

132204. Commodities and Services. USAID will determine commodities and services to be supplied and covered by the purchase requisitions issued to the Army. In cases when the quantity, quality, or type of commodities and services ordered cannot be processed efficiently and promptly, the Army will have the right to reject a purchase requisition.

132205. Accessorial Charges. Compute and record accessorial charges as described below. Also see Table 13-7.

A. PC&H costs include the costs incurred for labor, materiel, or services in preparing the materiel for shipment from the storage or distribution points.

B. Transportation costs include the costs of in-land transportation (land, air, and inland and coast-al waterways) in and outside the U.S. and ocean transportation costs by vessel or air.

C. Port loading and unloading costs include the costs incurred for labor, materiel, and services for loading, unloading, and handling at the ports of embarkation and debarkation. Do not include unloading charges if the recipients must perform this work.

D. Positioning costs include costs incurred in pre-positioning items in the supply distribution system (when not included in the standard prices of materiel) of the Army at locations outside the United States. Also, apply accessorial charges to shipments from the overseas storage and distribution point from which an order for shipment is filled.

132206. Purchase Requisitions.

A. Except for the commodities and services furnished USAID covered under separate agreements with Army commands, USAID will issue a purchase requisition to USASAC (AMSAC-O). The requisition will include the following:

1. The quantity of commodities required.
2. The specific service desired.
3. The country destination or use.
4. The name and address of the consignee.
5. The period in which the shipments are due.
6. The maximum dollar amount authorized for commodities, services, and accessorial charges.
7. The accounting classification of USAID funds to be charged.
8. A statement that USAID funds are available to reimburse the Army for commodities and services furnished.
9. Any other information required by the Army.

B. Before issuing purchase requisitions, USAID will consult with DA concerning the price, availability, nomenclature, and other data needed to prepare the requisitions.

132207. Transportation. The Army will provide for inland transportation, arrange for ocean or air transportation as requested, and ensure that documentation accompanies the shipment. The Army will send a copy of the shipping document to the consignee by airmail to USAID, Comptroller, in the country involved. The Army will arrange to sponsor USAID shipments through the Logistics Control Activity (LCA) for airlift shipments and for sealift shipments. If shipment is not made by LCA, MTMC, or a U.S. Flagship, LCA or MTMC will so advise USAID identifying the shipping document and purchase requisition.

132208. Title and Risk of Loss. Title and risk of loss will pass to USAID on acceptance of commodities by common carrier at point of origin as evidenced by carrier's receipt. The Army, as an agent for USAID, will undertake all necessary steps to protect the interests of the U.S. for any loss during transportation. USAID will pay any costs incurred as a result of activities undertaken by the Army for USAID. Do not use funds appropriated to the Army to pay such costs.

132209. Delivery Conditions.

A. The total dollar amount including commodity prices and related accessorial charges stipulated in a purchase requisition includes provisions for price tolerance. The total is the maximum amount that may be billed USAID without an amendment. The estimated quantities stipulated in a purchase requisition are subject to the quantity tolerance usual to the trade. If these quantities plus usual trade tolerance cannot be procured within the maximum dollar value of the purchase requisition, Army will obtain further instructions from USAID.

B. At the time of delivery to USAID or its designee, the commodities will conform to the quantities, types, and grades ordered unless substitute types and grades have been authorized by USAID. The Army inspectors will determine the quantities, types, packaging, varieties, grades, and other descriptions of all commodities delivered; their determination will be final.

132210. Sale Price and Markings. Follow the sale price limitations for commodities set in the FAA of 1961. Settlement by USAID for commodities will be at the standard or negotiated price, as applicable, if issued from Army stocks or actual cost to the Army if procured for USAID. Mark containers for commodities delivered as instructed by USAID.

132211. Offshore Procurement. The provisions of this chapter apply to commodities purchased from OCONUS. The purchase requisition or related memorandums will contain any special provisions that the Army and USAID have agreed on. The special provisions may include types, grades, or qualities of the commodity; areas of procurement; delivery instructions; pricing; or other provisions. These provisions will be a supplement to the agreement.

132212. Cancellation of Purchase Requisitions. USAID may, at any time, cancel all or part of any purchase requisition or any official directive from USAID instructing the Army to procure in advance of a purchase requisition. USAID will reimburse the Army for all costs that result from the cancellation. If commodities subject to cancellation are held by the Army or it becomes necessary to accept the commodities from the suppliers, the Army will hold losses to a minimum by selling them at the best price. In such cases, the loss will be determined as the difference between the price received and the cost incurred. The commodity, administrative, sales, and storage costs will comprise the total cost.

132213. Tort Claims. The Army will be responsible for handling all tort claims in favor of the U.S. that arise between date of delivery through the time the commodities are stowed on board ship or airplane. Included are the loading and stowing points for the ocean or air shipment or any other point that USAID may direct for transfer of commodities. The Army has no initial responsibility for tort claims in favor of the United States arising after the commodities are stowed on board ship or airplane even though the Army sponsored the shipment. However, when requested by USAID or the government of the cooperating country through USAID, the Army will protect the interests of the United States on such claims.

132214. Billing and Reimbursement.

A. On delivery of commodities to a carrier or when requested services are complete, the Army supplying command or activity will prepare SF 1080 for billing. SF 1080 will include the following information:

1. Charges for commodities or services furnished.
2. Accounting classifications for crediting the payments for items billed.

B. The charges for commodities and services will be supported by the shipment documentation, machine listing of the items delivered, or a statement of services performed. The documentation will show the purchase requisition number.

C. The supplying activity will set up an accounts receivable according to current accounting rules. Send SFs 1080 with supporting documentation to USASAC, ATTN: AMSAC-CF, Defense Distribution Region-East, New Cumberland, PA 17070-5096. The exception is for Army commands having separate agreements with USAID that contain specific provisions about billing USAID.

D. USASAC will review SFs 1080 and supporting documentation for dollar accuracy and process the billing to the address specified on the purchase requisition. USAID will send payment within 20 days after receipt of billing. Upon receipt of payment, USASAC will send a check with a copy of SF 1080 to the appropriate Army supplying command or activity to close out the accounts receivable.

**FORMULAS TO ESTABLISH LOWER PRICES FOR NON-EXCESS
PROCUREMENT APPROPRIATED
ITEMS NOT TO BE REPLACED (EXCLUDES FMS AND DOD AGENCIES)**

Condition: New or overhauled ¹ Price: Standard price to all customer
Condition: Serviceable-used (as is). Price: For clothing, 50 percent of standard price. For all other, 80 percent of the standard price, less 50 percent of overhaul cost, but not less than 25 percent of standard price.
Condition: Unserviceable. Price: Eighty percent of the standard price, less the overhaul cost, but not less than scrap value.
Note: 1. Overhaul includes all direct labor, direct materiel, and overhead.

Table 13-1

FAIR VALUES-SALES TO NON-DOD CUSTOMERS FOR EXCESS ITEMS
(EXCLUDING FMS)

Code	Condition	Percent of standard price ²
N-1	New-Excellent	50
N-2	New-Good	35
E-1	Used-Reconditioned-Excellent	
O-1	Used-Usable without repairs-Excellent	
N-3	New-Fair	33 1/3
E-2	Used-Reconditioned-Good	
O-2	Used-Usable without repairs-Good	
R-1	Used-Repairs required-Excellent	
N-4	New-Poor	33 1/3
E-3	Used-Reconditioned-Fair	
O-3	Used-Usable without repairs-Fair	
E-4	Used-Reconditioned-Poor	33 1/3
O-4	Used-Usable without repairs-Poor	
R-2	Used-Repairs required-Good	
R-3	Used-Repairs required-Fair	
R-4	Used-Repairs required-Poor	

Notes:

1. The supplying activity decides if an item is excess before it is shipped or dropped from inventory. The decision may be made at the time of offer, if in terms with the sales document. Excess items include contingency retention, economic retention, and potential excess items.
2. The percent of standard price is the minimum charged to customers, based on condition. A recommended military hardware value price may be submitted for use by negotiators.

Table 13-2

**FORMULAS TO ESTABLISH LOWER PRICES ON NON-EXCESS ITEMS FOR
SALES TO OTHER FEDERAL AGENCIES AND PRIVATE PARTIES
(EXCLUDING FMS)**

<p>Condition: New or overhauled Standard item: Percent of useful peacetime life remaining applied to replacement price or standard price.</p>
<p>Condition: Serviceable-used (as is) Standard item: Percent of useful peacetime life remaining applied to replacement or standard price, but not less than 25 percent of replacement price or standard price.</p>
<p>Condition: Unserviceable Standard Item: Percent of useful peacetime life remaining applied to the replacement or standard price; or use 80 percent of the replacement or standard price, less the overhaul cost, but not less than 20 percent of the replacement price or standard price.</p>
<p>Note: 1. The pro rata nonrecurring charge is applicable to private parties and is adjusted by the remaining useful peacetime life percentage.</p>

Table 13-3

ITEMS INCLUDED IN STANDARD PRICE

Description	PA Major Item	DWCF SMA Items
1. Current procurement/production costs latest representative buy for secondary/DLR items.	Applicable	Applicable
2. First destination transportation costs (actual or experience percentage factor.)	Applicable	See item 3
3. Surcharge percent to recover current procurement cost, and to recover first and second destination transportation costs.	Not Applicable	Applicable
4. Surcharge percent to recover current wholesale logistic operating costs incurred in the management of secondary\DLR items to include distribution depot costs.	Not Applicable	Applicable
5. Surcharge percent to recover current wholesale inventory losses, to include a factor for retail inventory losses in shipment.	Not Applicable	Applicable
6. Surcharge percent to fund wholesale inventory levels for new equipment.	Not Applicable	Applicable
7. Price stabilization rate which includes a surcharge percent to recover current wholesale inflation.	Not Applicable	Applicable
8. Surcharge percent to recover current safety of use/safety of flight costs.	Not Applicable	Applicable
9. Surcharge percent to recover current depreciation costs of capital equipment.	Not Applicable	Applicable

Table 13-4

ARMY MASTER DATA FILE STANDARD PRICE CONSTRUCTION WORKSHEET
(PROCUREMENT APPROPRIATION ITEMS)

A. Item Nomenclature <u>M997, Ambulance (HMMWV), MODEL #M997</u>	
B. National Stock Number <u>2310-01-111-2274</u>	
C. Contract Number <u>DAAE07-83-CRO34</u> D. Contract Date <u>FEB 87</u>	
E. Contract Line Number <u>4019</u> F. Contract Quantity <u>500</u>	
Attach supplemental worksheets where greater detail is needed to support cost elements. For additional information on cost elements, see paragraph 13-11.	
1. Contract Hardware Unit Cost	\$ 41,594.13
2. AMDF Price of Government Furnished Materiel (Per Unit)	0.00
3. First Destination Transportation per unit	615.53
4. Recurring Support and In-House & Contractor Engineering Cost Per Unit	2,590.34
5. Cost of modification per unit not included In Line 1 Above	0.00
6. Warranty Cost Not Included in Line 1 Above	0.00
7. Acceptance Testing, Lot Testing & Proof Testing Per Unit	0.00
Total Unit Cost (Line 1 through 7) ¹	\$ 44,800.00
Prepared by _____ Date _____ Phone _____ Verified by _____ Date _____ Phone _____ Approved by _____ Date _____ Phone _____	
NOTE: 1. All lines should be filled in; if a cost element is not applicable, enter zero (0).	

Table 13-5

<u>CREDITED APPROPRIATIONS FOR REIMBURSEMENTS TO PERFORMING ★ACTIVITIES FROM PRIVATE ORDERS¹</u>	
Charge to be credited	Appropriation ²
★1. Services of military personnel. a. Composite pay rate, includes retirement b. Leave and holiday, 14 percent of a. c. Other benefits: Officers-6 percent of a and b. Enlisted-18 percent of a and b. d. Unfunded military labor.	MPA MPA MPA MPA MPA MPA
2. Services of civilian personnel. a. Salary cost. b. Leave and holiday, 18 percent of a. c. DoD funded fringe benefits, 22.2 percent (FY 94) of a and b. d. Civilian retirement cost not funded by DoD appropriation, 14.7 percent of a and b.	OMA, RDTE, or DWCF OMA, RDTE, or DWCF OMA, RDTE, or DWCF Miscellaneous Receipts Account
3. Inventory items. a. Non-excess Procurement Appropriation item from stock that requires replacement in-kind or by later models or versions. b. Non-excess item not replaced within the obligation availability of current procurement appropriations. c. Excess procurement funded principal (major) items. d. Excess and non-excess Stock Fund/DWCF items.	Financing procurement appropriations as applicable, current at the time all items are dropped from inventory. Miscellaneous Receipts Account Miscellaneous Receipts Account Defense Business Operations Fund
4. TDY costs financed by appropriation or fund accounts.	OMA, RDTE, or DWCF
5. Accessorial surcharge. a. PCH b. Transportation	O&M appropriation current at the time services/ transportation is provided, or DWCF, as applicable.
6. Contract administration surcharges. This is a combination of cost for military and civilian personnel services and charges for use of DoD assets and TDY costs.	MPA, OMA, DWCF, or Miscellaneous Receipts Account
7. Charges for the use of DoD assets. ³ a. 1 percent asset use charges and contractor rental payments. b. 4 percent asset use charge.	Miscellaneous Receipts Account
8. Nonrecurring production charges.	Miscellaneous Receipts Account
9. Nonrecurring RDTE charge.	Miscellaneous Receipts Account
10. Nonrecurring cost on Direct Sales.	Miscellaneous Receipts Account
11. Royalty fee charges.	Miscellaneous Receipts Account
Notes: 1. Only when specifically allowed by law or the Army's implementing regulations may collections be returned to the applicable appropriation that obtained the services or materiel being sold. 2. See DFAS-IN Manual 37-100-FY (The Army Management Structure) for additional guidance. 3. See Section 1535 for asset use reimbursements related to training cases.	

Table 13-6

<u>STANDARD PERCENTAGE RATES FOR ACCESSORIAL CHARGES</u>	
Function	Percentage ¹
Packing, crating, and handling at storage depot or manufacturer for direct deliveries ^{2,3}	3.50
Parcel post (CONUS destinations)	
Parcel post rate is not additive to other CONUS transportation rates; it is additive to overseas transportation	3.75
CONUS transportation	3.75
CONUS port unloading and handling	2.50
Overseas inland transportation	3.00
Overseas port unloading and handling	1.00
Ocean transportation from CONUS to:	
Alaska, Hawaii, Europe, Latin America, and Mediterranean Ports	4.00
Newfoundland, Labrador, Thule, Iceland, South America (east and west coasts), Far East, African Ports (other than Mediterranean), and Near East.	6.00
NOTES:	
1. Percentages are applicable to billing price of materiel shipped or inventory price of materiel issued without reimbursement. These reimbursement rates shall not be arbitrarily applied to the acquisition price of all items having a unit value of \$10,000 or over. Instead, actual or estimated costs shall be used when determination is made by the supplying agency that a lower and more equitable charge will result.	
2. Source item packing is distinguished from cargo assembling, packing, and preservation, such as shipments placed in sea vans or trailer vans at ports of embarkation. These latter services are normally performed by the purchasing DoD Component, and use actual or estimated costs as the basis for reimbursement.	
3. Storage charges shall be charged all non-DoD customers for customer-owned materiel which is held for 30 days or more. Storage charges are to be determined at the end of each 30 day period. A uniform DoD annual rate of .015 or .00125 monthly of the average value of customer-owned materiel shall be charged unless a commercial storage rate or actual cost is applicable.	

Table 13-7

**FAIR VALUE-SALES TO AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),
DEPARTMENT OF STATE, FOR EXCESS ITEMS**

Condition Code	Percent of original acquisition cost
A-1 (serviceable, unused-good)	50
A-4 (serviceable, used-good)	40
A-2, A-5, B-1, C-1, D-1. B-4, C-4, D-4 (serviceable w/qualification, materiel is either unused in fair condition or used in good condition).	30
B-2, C-2, D-2, B-5, C-5, D-5, D-7, E-7, F-7, G-7 (serviceable w/qualification; if unused in fair condition; if used, in good condition.) (Also includes unserviceable items that are in good condition but require minor repairs.)	20
A-3, B-3, C-3, D-3, A-6, B-6, C-6, H-7, F-8 (serviceable, in poor condition; if unserviceable, in poor condition or unserviceable because item requires minor repairs).	10
D-H8, D-H9, F-9, F-X, G-X, H-X (unserviceable requiring major repairs).	5 ²
Notes: 1. The supplying activity decides if an item is excess at the time the supply action is taken for shipment and the item is dropped from inventory. Or the decision may be made at the time of offer if in accordance with terms of the sales document. Excess items include contingency retention, economic retention, and potential excess items for reduced pricing purposes. 2. The scrap value of the item will be the minimum price charged if greater than the lowest percentage of original cost.	

Table 13-8